

FINANCING PUBLIC EDUCATION

2008 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill amends provisions in the Minimum School Program Act and the Property Tax Act relating to public school funding.

Highlighted Provisions:

This bill:

- ▶ increases the minimum basic property tax levy imposed by school districts statewide to a set rate of .002000;
- ▶ modifies the certified tax rate calculation for school districts as a result of the increase in the minimum basic levy tax rate;
- ▶ modifies the advertisement requirements for a tax rate increase above the state's certified tax rate for the minimum basic levy;
- ▶ requires the Legislature, when setting the budget for the weighted pupil unit, to increase the value of the weighted pupil unit by an amount equal to the increase in property tax revenue generated by the .002000 minimum basic levy tax rate;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2009.

Utah Code Sections Affected:

AMENDS:

53A-17a-135, as last amended by Laws of Utah 2007, Chapter 2

59-2-926, as last amended by Laws of Utah 2003, Chapter 320

ENACTS:

59-2-924.2, Utah Code Annotated 1953

33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **53A-17a-135** is amended to read:

35 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

36 (1) ~~[(a)]~~ In order to qualify for receipt of the state contribution toward the basic
37 program and as its contribution toward its costs of the basic program, ~~[each]~~ a school district
38 shall impose a minimum basic tax rate of .002000 per dollar of taxable value ~~[that generates~~
39 ~~\$245,254,790 in revenues statewide]~~.

40 ~~[(b) The preliminary estimate for the 2007-08 minimum basic tax rate is .001474.]~~

41 ~~[(c) The State Tax Commission shall certify on or before June 22 the rate that~~
42 ~~generates \$245,254,790 in revenues statewide.]~~

43 ~~[(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in~~
44 ~~Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

45 (2) (a) The state shall contribute to each district toward the cost of the basic program in
46 the district that portion which exceeds the proceeds of the levy authorized under Subsection
47 (1).

48 (b) In accord with the state strategic plan for public education and to fulfill its
49 responsibility for the development and implementation of that plan, the Legislature instructs
50 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
51 of the coming five years to develop budgets that will fully fund student enrollment growth.

52 (3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the
53 cost of the basic program in a school district, no state contribution shall be made to the basic
54 program.

55 (b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of
56 the basic program shall be paid into the Uniform School Fund as provided by law.

57 (4) Beginning January 1, 2009, the Legislature shall increase the dollar amount
58 described in Subsection 53A-17a-103(1) by an amount equal to the difference between:

59 (a) the amount of revenue generated statewide from the imposition of the minimum
60 basic tax rate of .002000 described in Section 53A-17a-135; and

61 (b) the amount of revenue that would have been generated from the imposition of the
62 certified revenue levy statewide for the same year.

63 Section 2. Section **59-2-924.2** is enacted to read:

59-2-924.2. Certified tax rate adjustment for school districts.

(1) For purposes of this section,

(a) "Certified revenue levy" is as defined in Section 53A-17a-103.

(b) "Certified tax rate" means a certified tax rate calculated in accordance with Section 59-2-924.

(2) For taxable years beginning on January 1, 2009, the certified tax rate of a school district shall be decreased by an amount equal to the difference between:

(a) the amount of ad valorem property tax revenue a school district receives from the imposition of the minimum basic tax rate of .002000 described in Section 53A-17a-135; and

(b) the amount of revenue a school district would have received from the imposition of the certified revenue levy for the same year.

Section 3. Section **59-2-926** is amended to read:

59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.

If the state authorizes a levy pursuant to [~~Section 53A-17a-135 that exceeds the certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy pursuant to~~] Section 59-2-906.1 that exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a notice no later than ten days after the last day of the annual legislative general session that meets the following requirements:

(1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch border. The advertisement may not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The advertisement shall be run once.

(2) The form and content of the notice shall be substantially as follows:

"NOTICE OF TAX INCREASE

The state has budgeted an increase in its property tax revenue from \$_____ to \$_____ or ____%. The increase in property tax revenues will come from the following sources (include all of the following provisions):

(a) \$_____ of the increase will come from (provide an explanation of the cause

95 of adjustment or increased revenues, such as reappraisals or factoring orders);

96 (b) \$_____ of the increase will come from natural increases in the value of the
97 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

98 (c) a home valued at \$100,000 in the state of Utah which based on last year's [~~levy for~~
99 ~~the basic state-supported school program,~~] levy for the Property Tax Valuation Agency Fund,
100 [~~or both~~] paid \$_____ in property taxes would pay the following:

101 (i) \$_____ if the state of Utah did not budget an increase in property tax revenue
102 exclusive of new growth; and

103 (ii) \$_____ under the increased property tax revenues exclusive of new growth
104 budgeted by the state of Utah."

105 Section 4. **Effective date.**

106 This bill takes effect on January 1, 2009.